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By: **Delegate Ross**

Introduced and read first time: March 8, 2004

Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Credit for Hiring a Licensed Security Guard Agency**

3 FOR the purpose of allowing certain business entities a certain credit against the  
4 State income tax for fees paid to certain security guard agencies under certain  
5 circumstances; limiting to a certain amount the total amount of credits a  
6 business entity may claim in any calendar year; providing that the credit may  
7 not exceed the State income tax for that taxable year and that any unused credit  
8 may not be carried over to any other taxable year; defining certain terms;  
9 providing for the application of this Act; and generally relating to a tax credit  
10 against the State income tax for certain fees paid to certain security guard  
11 agencies.

12 BY adding to  
13 Article - Tax - General  
14 Section 10-725  
15 Annotated Code of Maryland  
16 (1997 Replacement Volume and 2003 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article - Tax - General**

20 10-725.

21 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
22 INDICATED.

23 (2) "BUSINESS ENTITY" MEANS:

24 (I) A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS;  
25 OR

26 (II) AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER §  
27 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE.

1           (3)       "LICENSED SECURITY GUARD AGENCY" MEANS A PERSON WHO IS  
2 LICENSED BY THE SECRETARY OF STATE POLICE TO CONDUCT A BUSINESS THAT  
3 PROVIDES SECURITY GUARD SERVICES.

4           (4)       "SECURITY GUARD SERVICES" INCLUDES ANY ACTIVITY THAT IS  
5 PERFORMED BY A LICENSED SECURITY GUARD AGENCY TO PROTECT ANY  
6 INDIVIDUAL OR PROPERTY ON BEHALF OF A BUSINESS ENTITY.

7       (B)       (1)       (I)       SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A BUSINESS  
8 ENTITY MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR THE TAXABLE  
9 YEAR IN WHICH A LICENSED SECURITY GUARD AGENCY IS HIRED AFTER THE  
10 EFFECTIVE DATE OF JUNE 30, 2004.

11                       (II)       A BUSINESS ENTITY THAT IS EXEMPT FROM TAXATION UNDER §  
12 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE MAY CLAIM A CREDIT AGAINST  
13 THE STATE INCOME TAX DUE ON UNRELATED BUSINESS INCOME AS PROVIDED  
14 UNDER §§ 10-304 AND 10-812 OF THIS TITLE.

15           (2)       (I)       EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH, THE  
16 AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION IS UP TO 10% OF THE FEES  
17 PAID TO A LICENSED SECURITY GUARD AGENCY THAT IS HIRED AFTER THE  
18 EFFECTIVE DATE OF JUNE 30, 2004.

19                       (II)       THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION  
20 MAY NOT EXCEED \$100,000 FOR A BUSINESS ENTITY IN ANY CALENDAR YEAR.

21       (C)       (1)       THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE  
22 STATE INCOME TAX IMPOSED FOR THE TAXABLE YEAR.

23           (2)       THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY  
24 NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

25       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
26 effect July 1, 2004, and shall be applicable to all taxable years after December 31,  
27 2003.